

EDITORIAL

Emergence of Asia's information superhighway to be mainly corporate-driven

Japan, South Korea, Australia, Singapore and Hong Kong, all of which already have advanced communication networks, will be at the forefront of the deployment of the Asia-Pacific trunk of the global information superhighway, according to analysts.

They have the technological expertise that will facilitate their transition to multimedia interactive technology as well as the economy to support such technology. Furthermore, consumers are receptive to the concept.

These countries will develop national information infrastructures and eventually inter-connect them via optical fibre cable and satellite links, which already are largely in place.

However, analysts say, it may take a while before a region-wide information infrastructure is in place in Asia, as there are huge differences in levels of telecoms development as well as in regulatory standards.

While consumer demand for services such as video-on-demand and TV-shopping could be a driving force to develop new interactive information services in Japan, South Korea, Australia, Singapore and Hong Kong, just as they are expected to be in Europe and America, most of the Asian market is likely to rely heavily on corporate demand.

One major driving force will be demand from American, Japanese and European multinational companies operating in the Pacific rim for advanced telecommunications services to manage their business.

Already, leading communication companies from the region and the rest of the world are taking steps to take advantage of this opportunity.

Singapore Telecom Ltd., America's AT&T Co. and Japan's Kokushai Denshin Denwa Co. have formed a consortium last May, WorldPartners Company, which is experimenting a new "seamless" network providing multinationals with voice and data communication services in the Asia-Pacific region over a single network.

British Telecoms Plc. is also present in Asia with Syncordia, an outsourcing service providing management of voice and data communications between subsidiaries of a same group worldwide. Syncordia links more than 1,300 cities in 120 countries over a global network.

BT has also recently joined forces with Indosat, an Indonesian telecoms company, to offer its outsourcing service in Indonesia.

EUROPE

Trends: Criticisms and doubts about European governments' willingness and capacity to bring information superhighways to Europe were expressed by leading industrialists last week. Those contrasted sharply with positive developments in Europe's multimedia landscape since February which suggested that companies are waking up to the challenges and opportunities of the information age. But the very fact that these remarks were made tends to further demonstrate that corporations are increasingly aware of the importance of the issues at stake and actually willing to commit themselves to the creation of a pan-European information infrastructure. However, the industrialists' comments also suggest that they await strong political signals from public authorities.

INFRASTRUCTURE

Sir Iain VALLANCE, the chairman of British Telecom PLC, warned British lawmakers that its company will not invest in bringing information superhighways to Britain unless it receives guarantee that a ban on BT providing entertainment services is lifted in 1998.

Sir Iain argued that the enhancement of BT's national network with optical fibre, a necessary step to transmit digitised interactive multimedia information, will cost as much as 20 billion Ecus over the next decade and that only entertainment revenue would enable the company to pay for it.

The British government had said previously that it would stick to the terms of a 1991 white paper imposing restrictions on BT providing or carrying entertainment services until 2001. The ban, however, could be lifted on the occasion of a 1998 review.

Mr. Philippe-Olivier ROUSSEAU, a member of France's audiovisual watchdog Conseil supérieur de l'audiovisuel, warned that information superhighways will not be brought to France unless a proper cable network is developed.

After 10 years and an overall investment of 5.3 billion Ecus, France had no more than 1.2 million cable subscribers in early 1994.

Wiring up most households in France is a prerequisite to providing interactive multimedia services as they will mainly be transmitted over an optical fibre cable network.

Therefore, stressed Mr. Rousseau, the French government will either have to finance a new cable plan or scrap regulatory constraints on cable operators so that they can generate attractive profits which in turn will enable them to do the wiring job.

Mr. Helmut RICKE, chairman of Deutsche Telekom (DT), urged European governments and industry to make a concerted effort to develop information superhighways in Europe.

"We have to produce the same sense that we are embarking on a new beginning that has been created in the United States," Mr. Ricke said. "America has succeeded in stirring up the nation".

To take the lead in creating electronic superhighways in Europe, Mr. Ricke said that DT will complete the full digitisation of its telephone network by the year 2000, six years ahead of schedule. Currently, only 30% of Germany's phone lines are digital.

DT has also launched a pilot experience allowing business users to have access to multimedia services on its ISDN network connecting Cologne, Bonn and Berlin. The project will use the ATM technology that allows the rapid and simultaneous transmission of text, sound and image.

LEGISLATION

The Belgian government said it intends to privatise 49% of the national telecoms company Belgacom, probably for part before the end of the year.

Part of the privatised capital could go to another telecoms operator while the remaining shares would be sold in the stock exchange.

The Italian government confirmed that it will go ahead as planned with the privatisation next Autumn of STET, a company grouping Italy's telecoms operators, which is 52.9% owned by the public holding company IRI.

The five specialised telecommunications companies SIP (local), Italcable (inter-continental), Telespazio (satellite), SIRM (radiomaritime) and Iritel (Europe and the Mediterranean) will merge. The new company, Telecom Italia, will be the sixth world telecoms company with a turnover of 14 billion Ecus.

The Greek government announced its intention to privatise 25% of the capital of the national telecoms company OTE.

APPLICATIONS

Microsoft Corp., the leading American software producer, and TCI, the major US cable TV operator, will start experimenting a common interactive home computer network in Europe next April.

The PC network, which will be available within 18 months, will allow the two companies to review new types of software, video games and financial services.

The European pilot station is one amongst six. The others five will be experimented by Microsoft and TCI in the United States.

NORTH AMERICA

Trends: After the collapse of the TCI-Bell Atlantic merger which has darkened the market's vision of the future of multimedia, new problems have arisen in the United States, this time on the regulatory front. Firstly, in the US Senate, the Republicans have forced Democrats to slash the amount of money the CLINTON-GORE Administration was planning to devote to the NII. Though this doesn't threaten the Administration's ambitious plans, it still is a political setback. Secondly, a House committee endorsed the controversial "content provision" of the bills aiming at deregulating the US communication sector. The move could prompt a communication trade war between Washington and its trade partners.

LEGISLATION

A week-long Republican filibuster forced Democrats in the US Senate to slash government funding to support the creation of a National Information Infrastructure (NII) and boost the development of new technologies from \$2.8 billion to \$1.9 billion

Republicans oppose the legislation on ground that it amounts to an industrial policy.

The key priorities of the legislation are to launch the NII, develop telematic applications in the field of education, health care and administration and stimulate corporate investments in new technologies.

While the legislation increases government aid to industry, it still represents less than 2% of the \$70 billion spent by the US on research and development, including \$40 billion for defence.

The US House of Representatives Energy and Commerce Committee has approved two draft bills to deregulate America's communication sector without scrapping a so-called domestic content provision that risks upsetting US trade partners.

The bills, which the CLINTON-GORE Administration consider a key step in developing information superhighways, aim at allowing US regional telecoms companies to offer long-distance services and manufacture telecoms equipment.

One provision of the bills states that the value of foreign parts in the companies' products should not exceed 40% of the final price, a clause that violates GATT and NAFTA rules.

Despite recent warnings by US trade representative Mickey KANTOR that the content provision could jeopardise telecoms talks with Washington's trade partners, it is likely that the bills will be adopted by the House and the Senate as they stand.

The White House would have the power to veto the bills, but the decision would be painful since electronic superhighways are at

the top of the US Administration's agenda.

INFRASTRUCTURE

US computer manufacturer IBM Corp. has won the first phase of a contract to build up an information superhighway in Quebec with the Canadian consortium Universality Bidirectionality Interactivity (UBI), which comprises America's communication group Hearst Corp., Canada's Le Groupe Videotron and the National Bank of Canada.

IBM will provide computers, TV set-top boxes and software to enhance a system developed in Quebec by Videotron, a pioneer in interactive TV, that allows viewers to choose their own camera angles and call up player statistics while watching a baseball game.

The first phase of the project aims at providing movie-on-demand, home shopping, home banking and other services to 1.5 million homes over three to five years for a total investment of \$550 million.

APPLICATIONS

US media giant Viacom will start a TV-shopping experiment at the end of April on its musical cable channel MTV.

Viacom plans to sell musical products such as records, tapes, video clips and concert tickets on MTV for a six-month trial period before launching a specialised shopping channel, probably in early 1995.

Viacom will directly compete with TCI, the major US cable operator, which has joined forces with German media giant Bertelsmann AG to sell musical products.

Tele-shopping in the United States is a small \$2 billion market currently dominated by QVC Network and Home Shopping Network. However, according to forecasts, it will skyrocket to \$25 billion over the next five years.

TECHNOLOGY

Japan's Fujitsu and Toshiba have announced their intention to invest in General Magic Alliance, an American company producing software for portable multimedia equipment.

This decision follows a similar commitment by Japan's national telecoms company Nippon Telegraph & Telecom (NTT) less than two months ago.

America's AT&T, Apple and Motorola, Europe's Philips and Japan's Matsushita and Sony already are partners in General Magic.

The scope of the alliance suggests that General Magic's technology could become the de facto industry standard for multimedia

personal communicators.

ASIA

APPLICATIONS

Tokyo Electric Power Co., Mitsui & Co. and Mitsubishi Corp., three Japanese companies owning stakes in the cable business telecoms company Tokyo Telecommunications Network Co., and Tokyu Corp., which runs a cable TV system in Tokyo, have agreed to co-operate in jointly developing multimedia services.

The content of the press review doesn't necessarily reflect the European Commission's views.